

CITY OF MEDIAPOLIS

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

FOR THE PERIOD
JULY 1, 2013 THROUGH JUNE 30, 2014

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City of Mediapolis

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>(Before December 2013)</u>		
Larry Flaherty	Mayor	Dec 2015
Robert Gerling	Council Member	Dec 2015
Chuck Massner	Council Member	Dec 2013
Tim Licko	Council Member	Dec 2015
Tara Abel	Council Member	Dec 2013
John Vose	Council Member	Dec 2013
Julia Tribbey	City Clerk	Indefinite
<u>(After December 2013)</u>		
Larry Flaherty	Mayor	Dec 2015
Robert Gerling	Council Member	Dec 2015
Chuck Massner	Council Member	Dec 2017
Tim Licko	Council Member	Dec 2015
Gina Riherd	Council Member	Dec 2017
Clark "Lee" Kerr	Council Member	Dec 2017
Julia Tribbey	City Clerk	Indefinite

TED M. WIEGAND, CPA

606 East Madison Street
Mount Pleasant, Iowa 52641

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Honorable Mayor
and Members of the City Council:

I have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, I have applied certain tests and procedures to selected accounting records and related information of the City of Mediapolis for the period July 1, 2013 through June 30, 2014. The City of Mediapolis' management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures I performed are summarized as follows:

1. I reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. I reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. I reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. I obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.
5. I reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. I reviewed the City's fiscal year 2013 Annual Financial Report and the City's fiscal year 2014 Annual Financial Report to determine whether they were completed and accurately reflect the City's financial information.
7. I reviewed investments to determine compliance with Chapter 12B of the Code of Iowa.
8. I reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
9. I reviewed and tested selected receipts for accurate accounting and consistency with the recommended COA.

10. I reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended COA and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
11. I reviewed and tested selected payroll and related transactions for propriety, proper authorization and accurate accounting.
12. I reviewed the annual certified budget for proper authorization, certification and timely amendment.

Based on the performance of the procedures described above, I identified various recommendations for the City. My recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

I was not engaged to and did not conduct an audit of the City of Mediapolis, the objective of which is the expression of opinions on the City's financial statements. Accordingly, I do not express opinions on the City's financial statements. Had I performed additional procedures, or had I performed an audit of the City of Mediapolis, additional matters might have come to my attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Mediapolis and other parties to whom the City of Mediapolis may report. This report is not intended to be and should not be used by anyone other than these specified parties.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of the City of Mediapolis during the course of my agreed-upon procedures. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

TED M. WIEGAND, CPA

March 5, 2015

City of Mediapolis

Detailed Recommendations

For the Period July 1, 2013 through June 30, 2014

- (A) General Ledger – The computerized general ledger does not accurately track the City’s cash and investment balances or utility receipts. Also, the Clerk does not enter inter-fund transfers into the general ledger.

The City Clerk does accurately track cash and investments, utilities, and inter-fund transfers separately from the computerized general ledger, and reports these monthly in the form of the Clerk’s report. However, it is important to have accurate general ledger control over all of these financial items.

Recommendation – The City should take steps to ensure accurate general ledger tracking of the City’s cash and investment balances, utility receipts, and inter-fund transfers.

- (B) Certified Budget – Disbursements during the year ended June 30, 2014 exceeded the amounts budgeted in the general government function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under annual or continuing appropriation.”

Recommendation – The budget should be amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements exceed the budget.

- (C) Annual Financial Report – I noted certain misstatements in the June 30, 2013 and June 30, 2014 Annual Financial Reports:

June 30, 2013 Annual Financial Report:

- (1) A transfer in to the TIF special revenue fund of \$1,454 was reported instead of a transfer in to the General Fund of \$571 and to the Community and Economic Development Fund of \$883. The Community and Economic Development Fund was not reported at all, with an ending balance of \$883.
- (2) General Fund receipts were understated by \$180 and General Fund disbursements were understated by \$10,000. It appears both misstatements were related to the recording of CD interest and CD purchases/sales. As a result, overall City fund balances were overstated by \$9,820 at June 30, 2013.

June 30, 2014 Annual Financial Report:

- (1) Transfer from General Fund to Debt Service Fund of \$14,178 were not reported.
- (2) Transfer from General Fund to Capital Projects Fund of \$485,531 were not reported.
- (3) Transfers from TIF special revenue funds to General Fund of \$131,838 were not reported.
- (4) Expenditures totaling \$138,926 were reported in the TIF special revenue fund instead of the General Fund.
- (5) The Community and Economic Development Fund was not reported. This fund had a beginning cash balance of \$883. Community and Economic Development Fund revenues of \$2,845 and expenditures of \$3,728 were reported in the General Fund instead.
- (6) Overall City fund balances were understated by \$692 at June 30, 2014.

Recommendation – The City should file an amended fiscal year 2014 Annual Financial Report that corrects the misstatements noted.

City of Mediapolis

Detailed Recommendations

For the Period July 1, 2013 through June 30, 2014

- (D) Disbursements – Sales Tax – The City is exempt from paying sales tax. However, I noted 4 instances of sales tax paid during the year, totaling \$27.90.

Recommendation – The City should take steps to minimize or eliminate instances of paying sales tax. This may entail filing sales tax exemption certificates with certain vendors.

- (E) Inter-fund transfers – The inter-fund transfers made by the Clerk during the fiscal year were not specifically approved by the Council nor were they budgeted.

Recommendation – The Clerk should ensure that inter-fund transfers are approved by the Council and/or budgeted in the future.

- (F) Clerk's Report – The Clerk does not report expenditures by function versus budget to the City Council on a monthly basis.

Recommendation – The Clerk should begin to report expenditures by function versus budget to the City Council on a monthly basis.